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June 8, 2009

Inspector General

United States Department *of* Defense



Contracting for Nontactical Vehicles in Support
of Operation Enduring Freedom

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Acronyms and Abbreviations

CG	Commanding General
CJTF-101	Combined Joint Task Force-101
COR	Contracting Officer's Representative
CSTC-A	Combined Security Transition Command-Afghanistan
FAR	Federal Acquisition Regulation
IG	Inspector General
JCC-I/A	Joint Contracting Command-Iraq/Afghanistan
JCCS	Joint Contingency Contracting System
NTV	Nontactical Vehicle
PARC-A	Principal Assistant Responsible for Contracting-Afghanistan
RCC	Regional Contracting Center



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

June 8, 2009

MEMORANDUM FOR COMMANDER, U.S. CENTRAL COMMAND
COMMANDER, JOINT CONTRACTING COMMAND-
IRAQ/AFGHANISTAN
PRINCIPAL ASSISTANT RESPONSIBLE FOR CONTRACTING-
AFGHANISTAN
COMMANDER, COMBINED JOINT TASK FORCE-101
COMMANDER, COMBINED SECURITY TRANSITION COMMAND-
AFGHANISTAN
CHIEF, REGIONAL CONTRACTING CENTER BAGRAM
CHIEF, REGIONAL CONTRACTING CENTER KABUL

SUBJECT: Contracting for Nontactical Vehicles in Support of Operation Enduring Freedom
(Report No. D2009-085)

We are providing this report for review and comment. We considered management comments on a draft of this report in preparing the final report.

DoD Directive 7650.3 requires that all recommendations be resolved promptly. While the Joint Contracting Command-Iraq/Afghanistan did not comment on Recommendation B.2., its actions were responsive. The comments from the Principle Assistant Responsible for Contracting-Afghanistan in response to Recommendation B.3. and the comments from the Combined Security Transition Command-Afghanistan in response to Recommendation A.4. were responsive. The remaining comments were partially responsive. The Regional Contracting Center Bagram did not comment on the draft report. In response to management comments, we revised Recommendations A.1., A.2., A.3., A.4., and B.1.b. We request additional comments on the revised recommendations, as well as on Recommendations B.1.a., B.1.c., and B.1.d., by July 8, 2009. Please see the recommendations table on page ii.

Please provide comments that conform to the requirements of DoD Directive 7650.3. If possible, send your comments in electronic format (Adobe Acrobat file only) to audros@dodig.mil. Copies of your comments must have the actual signature of the authorizing official for your organization. We are unable to accept the / Signed / symbol in place of the actual signature. If you arrange to send classified comments electronically, you must send them over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-8905 (DSN 664-8905).

Paul J. Granetto

Assistant Inspector General
Readiness, Operations, and Support



Results in Brief: Contracting for Nontactical Vehicles in Support of Operation Enduring Freedom

What We Did

Our overall audit objective was to determine whether contracting for nontactical vehicles (NTVs) in support of Operation Enduring Freedom was effective. Specifically, we examined unit justification for NTVs and contract award and administration processes for NTV contracts awarded in Afghanistan in support of Operation Enduring Freedom.

What We Found

While the Combined Joint Task Force-101 (CJTF-101) and the Combined Security Transition Command-Afghanistan (CSTC-A) have recently improved controls over the NTV acquisition process, there is more that can be done to improve the management of recurring NTV requirements. We estimate that 68 percent of NTV contract files did not contain adequate justification for the NTVs and 85 percent did not contain documentation to show that contracting officers appointed contracting officer's representatives to oversee contracts. Therefore, DoD did not have reasonable assurance that 795 vehicles at a cost of more than \$14 million were mission-essential, complied with the contract requirements, or represented the best value to the Government. In addition, we identified more than \$1.4 million paid for NTV leases that were later disapproved by the NTV Review Board. Additional oversight and centralized management of NTVs could increase the efficiency of acquiring the NTVs necessary to support Operation Enduring Freedom.

Despite these issues, we commend the Joint Contracting Command-Iraq/Afghanistan for updating its Acquisition Instruction to include guidance for maintaining contract files.

Implementation of this guidance will help ensure contracting officers maintain contract files that provide an adequate history of the transaction.

We determined that these deficiencies in management of NTVs and contract documentation constitute material weaknesses in the internal controls over the contracting for NTVs. Commands can improve these deficiencies by implementing our recommendations.

What We Recommend

We recommend that the Commander, CJTF-101 and Commander, CSTC-A determine the quantity of NTVs needed to meet recurring NTV requirements, establish or expand motor pools at sites throughout Afghanistan, and review all NTV leases to determine necessity.

We also recommend that the Chiefs, Regional Contracting Centers (RCCs) Bagram and Kabul require contracting officers to maintain contract files that can fully reconstruct the history of the contract, review lease-versus-purchase analyses to ensure best value for the Government, and appoint contracting officer's representatives to oversee NTV contracts.

Management Comments and Our Response

CJTF-101 and CSTC-A agreed or partially agreed, but did not provide actions planned or taken to identify recurring NTV requirements or establish motor pools. RCC Kabul stated that it will emphasize the requirement to maintain complete contract files during training, even though it is in place at all RCCs. We acknowledge RCC Kabul's effort to appoint contracting officer's representatives for lease contracts with a large number of vehicles, but emphasize the importance of performing and documenting acceptance for all vehicles. RCC Bagram did not provide comments.

We request that the parties referenced in the recommendations table on the back of this page provide comments by July 8, 2009.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Commander, Joint Contracting Command-Iraq/Afghanistan		B.2.
Principal Assistant Responsible for Contracting-Afghanistan		B.3.
Commander, Combined Joint Task Force-101	A.1., A.2., A.4.	A.3.
Commander, Combined Security Transition Command-Afghanistan	A.1., A.2., A.3.	A.4.
Commander, RCC Bagram	B.1.	
Commander, RCC Kabul	B.1.c.	B.1.a., B.1.b., B.1.d.

Please provide comments by July 8, 2009.

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Introduction

Objective

Our overall audit objective was to determine whether contracting for nontactical vehicles (NTVs) in support of Operation Enduring Freedom was effective. Specifically for this audit, we looked at the need justification, contract award, and administration processes for NTV contracts awarded in Afghanistan in support of Operation Enduring Freedom. See Appendix A for a discussion of the scope, methodology, and prior coverage.

Background

We performed this audit as required by Public Law 110-181, “National Defense Authorization Act for Fiscal Year 2008. Section 842 requires thorough investigation and auditing in order to identify potential waste, fraud, and abuse in the performance of DoD contracts, subcontracts, and task and delivery orders for the logistical support of coalition forces in Iraq and Afghanistan. Further, Section 842 requires thorough investigation and auditing of Federal agency contracts, subcontracts, and task and delivery orders for the performance of security and reconstruction functions in Iraq and Afghanistan.

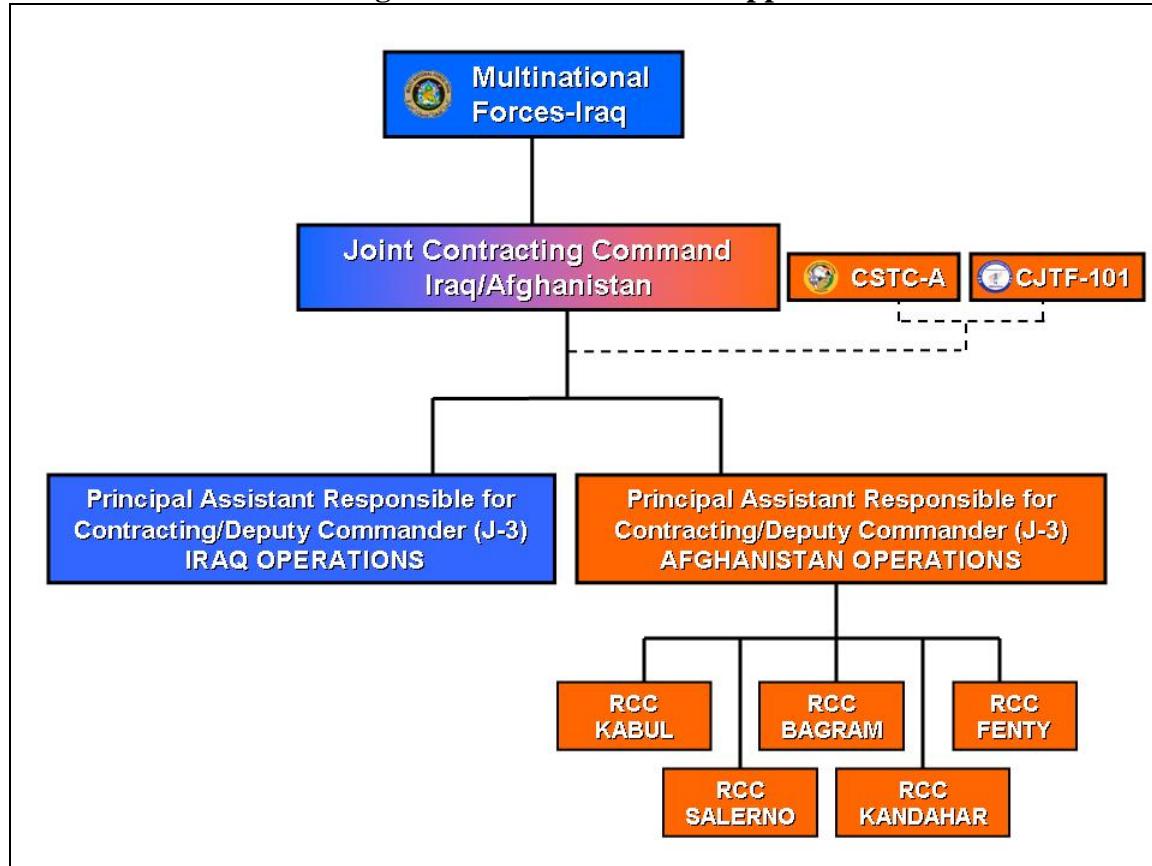
In response to the Act, we collaborated with the Inspectors General of the Department of State and U.S. Agency for International Development, Special Inspector General for Iraq Reconstruction, Auditors General of the U.S. Army Audit Agency and U.S. Air Force Audit Agency, and Director of the Defense Contract Audit Agency to develop a comprehensive audit plan for Southwest Asia. The audit plan includes key issue areas, such as financial management, systems contracts, and human capital for contract administration. This plan highlighted ongoing and planned work for each of these agencies, and identified the purchasing and leasing of vehicles in support of Operation Enduring Freedom as our audit issue area.

The Department of the Army is the executive agent for contracting for Operation Enduring Freedom. The Assistant Secretary of the Army (Acquisition, Logistics, and Technology) delegated the authority as head of contracting activity to the Commander, Joint Contracting Command-Iraq/Afghanistan (JCC-I/A). This authority applies to all contracting activities assigned or attached to U.S. Central Command, with the exception of the U.S. Army Corps of Engineers.

JCC-I/A provides operational contracting support in Iraq and Afghanistan for the coalition forces and the relief and reconstruction of Iraq and Afghanistan. This is done via two Principal Assistants Responsible for Contracting (PARCs), one for Afghanistan and one for Iraq. JCC-I/A operates Regional Contracting Centers (RCCs) throughout Iraq and Afghanistan. RCCs carry out the JCC-I/A mission by supporting the contracting requirements of local commands.

The Combined Joint Task Force-101 (CJTF-101) and the Combined Security Transition Command-Afghanistan (CSTC-A) are commands in Afghanistan. The mission of CJTF-101 is to aid in battling insurgent forces, develop Afghanistan's national security, and support the development of a stable Afghani government. The mission of CSTC-A is to plan, program, and implement structural, organizational, institutional, and management reforms of the Afghanistan National Security Forces in order to develop a stable Afghanistan, strengthen the rule of law, and deter and defeat terrorism. The figure depicts the command and coordination structure.

Figure. JCC-I/A Theater Support



Federal and DoD Guidance

DoD guidance defines NTVs as any commercial vehicle or trailer acquired and assigned based on authorization documents and used for providing administrative, direct mission, or operational transportation support of military functions. For purposes of this audit, we considered NTVs to include sedans, trucks, vans, and sport utility vehicles (armored and unarmored). Acquiring NTVs for use in theater requires due diligence in identifying and justifying the need, documenting decisions for leasing or purchasing, and documenting award decisions. The Federal Acquisition Regulation (FAR), Defense Federal

Acquisition Regulation Supplement, Army Federal Acquisition Regulation Supplement, DoD regulations, and Army regulations provide guidance for acquiring NTVs. The Federal and DoD guidance collectively requires:

- contract files to contain sufficient documentation to provide an adequate audit trail to document decisions throughout the acquisition process, including justifications, approvals, and source selection documentation;
- consideration of leasing versus purchasing (cost benefit to the Government);
- contracting officers and contracting officer's representatives (CORs) to ensure that the goods and services delivered comply with the contract requirements; and
- internal policy, guidance, and standard operating procedures developed by heads of DoD components to ensure effective and efficient administration of the procurement, operation, maintenance, and use of motor vehicles.

Review of Nontactical Vehicle Contracts

We examined a statistical sample of contract actions from the Joint Contingency Contracting System dated October 1, 2005, through July 15, 2008. We examined a sample of 38 contract actions from RCC Bagram and 28 contract actions from RCC Kabul (see Appendix A). These 66 contract actions totaled \$14,076,189 for 795 NTVs. The types of contract actions in the audit sample included individual contracts; task orders on indefinite-delivery, indefinite-quantity contracts; and orders against blanket purchase agreements. Table 1 identifies the number of vehicles, by type, included in the review of 66 contract actions at RCCs Bagram and Kabul.

Table 1. Vehicles Included in Scope of Statistical Sample

RCC	Sedans	Trucks	Vans	SUVs	Armored Vehicles	Total	Total Value
Bagram	0	43	3	42	0	88	\$ 1,315,440
Kabul	393	29	3	252	30	707	12,760,749
Total	393	72	6	294	30	795	\$14,076,189

Review of Internal Controls

We identified material internal control weaknesses with the management of NTVs as defined by DoD Instruction 5010.40, "Managers' Internal Control Program (MIC) Procedures," January 4, 2006. DoD Instruction 5010.40 states that internal controls are the organization, policies, and procedures that help program and financial managers achieve results and safeguard the integrity of their programs.

Internal controls for the acquisition of NTVs were generally in place; however, we saw that contracting officers at RCCs Bagram and Kabul did not comply with key contracting controls and that some of those controls needed improvement. We describe these issues of noncompliance and controls needing improvement in our report findings. Implementing Recommendations B.1., B.2., and B.3. will improve the internal controls over NTV contracting and management procedures. We will provide a copy of the report to the senior JCC-I/A official responsible for management controls.

Finding A. Centralizing the Management of Nontactical Vehicles in Afghanistan

PARC-A, CJTF-101, and CSTC-A have recently improved controls over the NTV acquisition process; however, there is more that can be done to improve the management of recurring requirements to ensure effective contracting for NTVs. Specifically, improving the oversight and centralized management of leased NTVs and mission requirements should provide DoD assurance that it is acquiring the vehicles necessary to support mission requirements while mitigating the risks of potential waste of Government funds.

Strengthening Controls Over Vehicle Acquisition and Usage

CJTF-101, CSTC-A, and PARC-A have recently strengthened controls over the NTV acquisition process and usage of NTVs by implementing vehicle registration procedures, establishing an NTV Review Board, and issuing policy regarding requests for NTVs.

- **Justification and Vehicle Registration.** CJTF-101 issued a fragmentary order in August 2008 establishing a vehicle registration process that required units to submit a justification memorandum for all NTVs, signed by an O-6 level officer, stating that the requirement is mission-essential before vehicle registration. This order required all units at Bagram Air Field to register all NTVs no later than September 30, 2008.
- **CSTC-A Leased Vehicle Standard Operating Procedures.** CSTC-A published guidance in August 2008 to establish standards and procedures for CSTC-A leased vehicles.
- **NTV Review Board.** CJTF-101 established the NTV Review Board in August 2008 to review and approve new and recurring NTV lease requests.
- **PARC May 2008 Policy Letter.** PARC-A issued guidance in May 2008 that requires a cost-benefit analysis of lease versus purchase before executing any lease or purchase for more than 60 days.

Improving Oversight of Nontactical Vehicles in Afghanistan

CJTF-101 established the NTV Review Board after the CJTF-101 Red Team conducted an analysis of NTV usage at Bagram Air Field in June 2008. The Red Team study identified the following:

- The total number of NTVs at Bagram Air Field was unknown and CJTF-101 had limited oversight of new NTVs brought onto the base for military use;

- A lack of policies and a written NTV justification standard resulted in NTVs being issued to units or individuals that may not need them; and
- Buses at the base had few occupants while the number of NTVs with only one occupant was high. The study noted that this may have contributed to the perception noted in a June 2008 CJTF-101 report that NTVs at Bagram Air Field were being used for personal convenience and not military necessity.

The desired results of corrective action from this analysis would allow CJTF-101 and the base commanders to track all NTVs in their respective operating areas.

A fragmentary order dated August 19, 2008, established and assigned responsibilities to the NTV Review Board. Specifically, it was to review requirements and usage of NTVs and transportation motor pools. According to NTV Review Board officials, units requested registration of 1,813 existing NTVs at Bagram as of February 19, 2009. The NTV Review Board approved registration for 1,499 vehicles and disapproved registration for 314 vehicles. Of the 314 disapproved vehicles, the NTV Review Board, in conjunction with legal counsel, determined that it would not be in the best interest of the Government to terminate the contracts for 145 leased NTVs, and approved registration for these vehicles only until the leases expired. Documentation provided by the audit client showed that, on average, it costs \$850 per month, or \$10,200 per year, to lease one NTV. Using this rate, the 145 leased vehicles cost the Government more than \$1.4 million that could have been put to better use had the leases not been approved when initially submitted.

The registration process and NTV Review Board at Bagram Air Field are examples of controls over the acquisition of NTVs. Although it may not be necessary to establish review boards at all locations throughout Afghanistan, CJTF-101 and CSTC-A should review all current leases to determine their necessity based on operational requirements and usage and disapprove or terminate leases that are not justified. This would help ensure that units are leasing only mission-essential vehicles. CJTF-101 and CSTC-A should also implement registration processes on bases throughout Afghanistan to aid in tracking NTVs brought on base that are not assets of the motor pools. Furthermore, centralized management of NTVs in transportation motor pools would help give CJTF-101 and base commanders increased oversight of NTVs throughout Afghanistan and on bases.

Centralized Management of NTVs

Centralized management of NTVs would ensure that they are used to efficiently and effectively fill mission requirements, and increase the oversight of the NTVs in the operating area while decreasing the workload for contracting officers. DoD policies for pooling vehicles state that vehicles are a limited, essential, and costly resource that must be managed carefully and that pooling vehicles should help ensure the highest effective level of use for DoD vehicles.

CJTF-101 and CSTC-A did not have oversight of NTV requirements. The results of a June 2008 CJTF-101 study indicated that CJTF-101 did not know the number of NTVs at Bagram Air Field and had limited ability to track new NTVs brought onto the base for military use. Having a centralized location for NTVs would increase the ability of CJTF-101 and base commanders to track the number of vehicles in the operating area. Using motor pools would also provide increased opportunities to conduct regular maintenance and track usage to ensure that an NTV's useful life is maximized and that units use the vehicles appropriately.

Centralized management of NTVs could also help fill recurring mission requirements more efficiently. We identified that our audit sample included 153 leased vehicles at RCCs Bagram and Kabul. At least 44 of these vehicles were renewals of previous leases, at a total cost of more than \$1.3 million. By identifying recurring NTV requirements, CJTF-101 and CSTC-A could establish new or expand existing motor pools to fill these requirements instead of awarding new or renewing current NTV leases.

Centralized management of NTVs and NTV requirements would decrease the workload on contracting officers. Current policy allows units to request the acquisition of NTVs in support of mission requirements, which increases the workload for contracting officers. For example, our sample identified 66 contract actions for 795 vehicles, which is an average of 12 vehicles per contract. Centralizing the management of NTVs should reduce the number of contract actions necessary to obtain vehicles. Using motor pools would negate the need for units to request new NTV leases, except where motor pools cannot meet their needs. This would decrease the need for NTV contracts and the workload on contracting officers.

Conclusion

We commend PARC-A, CJTF-101, and CSTC-A and for taking actions to improve controls over the NTV acquisition process. However, additional activities, such as review of leased vehicles and establishment or expansion of motor pools would help increase the effectiveness of contracting as well as the oversight of vehicles. Reviewing leased vehicles and taking appropriate action to disapprove or terminate leases that may not be justified would help increase oversight of NTVs and ensure that only the most critical mission requirements are filled with costly NTV leases. Furthermore, the benefits of establishing motor pools at sites throughout Afghanistan include improved NTV tracking and regular maintenance, which would extend the life of the vehicles. It would also decrease the workload on contracting officers in theater. Establishing motor pools in Afghanistan to support mission transportation requirements and requiring units to use motor pool services would help ensure that DoD is using vehicles most effectively and leasing only those vehicles needed to support the most critical transportation requirements.

Management Comments on the Findings and Our Response

Summaries of managements comments on the findings of this report and our responses are in Appendix B.

Recommendations, Management Comments, and Our Response

Revised Recommendations

RCC Kabul, through the Deputy CG, CSTC-A, commented that it was not the role of the contracting center to identify mission requirements, and that it has no authority to direct commanders to create or renovate existing motor pools, establish vehicle registration processes, or review all NTV leases. Therefore, we have revised Recommendations A.1., A.2., A.3., and A.4. to remove the Principal Assistant Responsible for Contracting-Afghanistan and Chiefs, Regional Contracting Centers from this Recommendation.

A. We recommend that the Commander, Combined Joint Task Force-101 and the Commander, Combined Security Transition Command-Afghanistan require commanders at all bases in Afghanistan to:

- 1. Identify recurring missions at each location and determine the number and type of nontactical vehicles needed to support those missions annually.**
- 2. Establish new or expand existing motor pools at bases in Afghanistan based on past and projected nontactical vehicle requirements to adequately support units needing nontactical vehicles for mission requirements.**
- 3. Establish or maintain nontactical vehicle registration processes at each base to track the number of vehicles brought on base outside the motor pools.**
- 4. Review all nontactical vehicle leases to determine necessity based on operational requirements and usage, taking appropriate action to disapprove or terminate leases that are not justified.**

Combined Joint Task Force-101 Comments

The Chief of Staff, Combined Joint Task Force-101 partially agreed with Recommendation A.1., stating that mission requirements are not constant and that each requirement is validated separately. The chief of staff stated that when recurring requirements are identified, the optimum solution is to work toward providing Government-owned vehicles.

The Chief of Staff, Combined Joint Task Force-101 agreed with Recommendations A.2., A.3., and A.4. The chief of staff noted that establishing motor pools would require additional resources and current deployed units do not have the structure to manage

motor pools. The chief of staff also noted that CJTF-101 is currently implementing a registration process at Bagram Air Field, and the next phase is to establish registration processes at other bases. Finally, the chief of staff stated that the process to review all NTV leases had been initiated at Bagram Air Field, and that the NTV Review Board and the Joint Acquisition Review Board will review all new NTV requirements for approval or disapproval.

Our Response

Combined Joint Task Force-101 comments are partially responsive. In response to Recommendation A.1., we agree that providing Government-owned vehicles is an optimal solution to fill recurring NTV requirements. However, evaluating all NTV requirements separately does not facilitate the identification of recurring NTV requirements. As noted in our report, we identified more than \$1.3 million spent to renew vehicle leases. Identifying lease renewals, which can indicate recurring requirements, and building a fleet of Government-owned vehicles or vehicles leased from the General Services Administration based on these recurring requirements will provide more centralized management of vehicles and allow redistribution of vehicles based on priority. The chief of staff did not identify actions planned or taken to identify recurring requirements or fill those requirements with Government-owned vehicles.

While the chief of staff agreed with Recommendations A.2. and A.4., he did not provide actions planned or taken to address the recommendations. In response to Recommendation A.2., the chief of staff stated that an installation management team is required to provide adequate oversight of larger bases; however, the chief of staff did not provide planned actions for obtaining additional resources to establish this function. Furthermore, in response to Recommendation A.4., the comments from chief of staff did not address existing NTV leases or specific actions regarding disapproving or terminating leases at bases other than Bagram Air Field. The comments provided in response to Recommendation A.3. were responsive. We request the Commander, CJTF-101 provide additional comments in response to the final report to address Recommendations A.1., A.2., and A.4.

Combined Security Transition Command-Afghanistan Comments

The Deputy Commanding General (CG), CSTC-A agreed with Recommendation A.3., and partially agreed with Recommendations A.1., A.2., and A.4. The Deputy CG disagreed with the finding, stating that was inconsistent with the audit team's briefing to the chief of staff and that CSTC-A has a very active NTV program. The Deputy CG stated that CSTC-A provides effective oversight of new and existing leased vehicle requirements through review boards and a leased vehicle program manager. Additionally, the Deputy CG noted that while the Command maintains overall visibility of the leased vehicle program, organizations are responsible for identifying their vehicle needs. The Deputy CG stated that when leases approach expiration, units are alerted to resubmit a requirement for renewal or turn in the vehicles.

The Deputy CG stated that transitioning to a central transportation motor pool in the near term was not feasible due to a lack of sufficient space and personnel; however, he stated that it is possible for the future, and that it is a long-term goal of CSTD-A. The Deputy CG stated that establishing motor pools would shift property accountability and contract management responsibilities from units to motor pool managers, and maintained that the current organizational controls within the Command provide adequate accountability and allow the Command to exercise due diligence and fiscal responsibility. The Deputy CG also identified space and personnel restrictions as obstacles to implementing vehicle registration processes at each base.

The Deputy CG stated that requests for new leases and lease renewals from all organizations undergo several reviews, and requests are disapproved or leases are terminated if requested requirements are insufficient or no longer valid. The Deputy CG stated that CSTD-A is exercising due diligence in limiting the number of leased vehicles while still meeting mission requirements. The Deputy CG also noted that in 2007, they submitted a request for 109 Government-owned vehicles, but it has not yet been approved.

Our Response

Comments from the Deputy CG, CSTD-A were partially responsive. We agree that CSTD-A has improved controls over the NTV acquisition process by implementing multiple review boards and establishing a leased vehicle program manager to approve and oversee acquisition of NTVs. We also agree that establishing motor pools would require a shift in responsibilities. However, our report specifically linked a large number of lease renewals to the need for Commands to identify and plan for recurring NTV mission requirements. Furthermore, we also maintain that establishing motor pools would allow more centralized oversight and better management of NTVs, specifically those acquired to fill recurring requirements. We commend CSTD-A for requesting Government-owned vehicles, and encourage Commands to continue this practice when a lease-versus-purchase analysis shows this is in the best interest of the Government. Finally, we appreciate the comment by the Deputy CG that our report finding is inconsistent with the briefing to the chief of staff, but we emphasized during the briefing that the results were preliminary and depended on further analysis.

Although the Deputy CG only partially agreed with Recommendation A.4., we consider the comments responsive. We agree that the review processes described will provide assurance that only NTV requests for valid mission requirements are approved.

While the Deputy CG agreed or partially agreed with Recommendations A.1., A.2., and A.3., he did not identify specific actions planned or taken to identify recurring NTV requirements, establish motor pools, or implement a vehicle registration process. We request the Commander, CSTD-A provide additional comments in response to the final report to address these recommendations.

Regional Contracting Center Kabul Comments

RCC Kabul, through the Deputy CG, CSTC-A, did not agree that it was the responsible organization for these recommendations. RCC Kabul stated that the role of the contracting center is to procure the assets to fill mission requirements, and that it tracks service contracts, such as vehicle leases, to monitor contracting processes and ensure options are executed in a timely manner. RCC Kabul stated that it is not the role of the contracting center to identify mission requirements, and that it has no authority to direct commanders to create or renovate existing motor pools, establish vehicle registration processes, or review all NTV leases. However, RCC Kabul noted that it can advise on procurement methods and provide commanders information on past procurements.

Our Response

We agree with the comments from RCC Kabul, through the Deputy CG, CSTC-A, and as a result, we revised the recommendations to exclude RCC Kabul. No additional comments are required on these recommendations.

Regional Contracting Center Bagram

The Chief, RCC Bagram did not comment on the recommendations. However, based on comments we received from RCC Kabul, we revised the recommendations to exclude RCC Bagram so no comments are needed.

Finding B. Contracting for Nontactical Vehicles in Support of Operation Enduring Freedom

Contracting for NTVs in support of Operation Enduring Freedom needs improvement. Contracting officers at RCCs Bagram and Kabul did not maintain a complete contract history of pre-award, award, or administration documentation, and they did not appoint contracting officer's representatives to oversee the contracts. As a result, DoD could not have reasonable assurance that vehicle acquisitions valued at more than \$14 million:

- were mission-essential,
- complied with contract requirements, or
- represented the best value to the Government.

Contracting officers must fully implement policy and controls governing the contracting of NTVs to help improve the effectiveness of contracting processes for NTVs.

In the draft of this report, we recommended that the Joint Contracting Command-Iraq/Afghanistan (JCC-I/A) update its Acquisition Instruction to include detailed guidelines about the documentation to maintain in contract files and continue to monitor the contracting processes of RCCs in Afghanistan. In response to this recommendation, JCC-I/A provided an updated Acquisition Instruction and standard operating procedures that addressed these issues.

Contract Documentation

Contracting officers did not maintain adequate documentation to provide a history that supported contract actions. FAR Subpart 4.8, "Government Contract Files," states the documentation in the contract file is to be sufficient to provide background and support for decisions throughout the acquisition process and provide information for reviews, investigations, and congressional inquiries. Documents normally in official contracting files are to include:

- presolicitation documents, including justifications and approvals;
- award documentation, including a list of sources solicited, the solicitation, and a copy of each offer or quotation received; and
- contract administration documents.

Table 2 identifies the number of contract files at RCCs Bagram and Kabul that did not contain adequate documentation to support decisions throughout the history of the contract.

Table 2. Number of Contract Files That Did Not Support Contracting Decisions

Contract Documents	RCC Bagram (38 contracts)	RCC Kabul (28 contracts)	Total (66 contracts)
Justification	25	25	50
Requirement approval	13	23	36
Award	8	23	31
Lease-versus-purchase	38	27	65
Vehicle usage	38	28	66
COR delegation letter	38	16	54

Pre-Award Documentation

Contracting officers did not always maintain documentation in official contract files for pre-award decisions. As shown in Table 2, contract files lacked pre-award documentation, such as justification for NTVs and lease-versus-purchase analyses.

Nontactical Vehicle Justifications

We estimate that 68 percent of 215 contract files did not contain adequate justifications for requested NTVs. Where justifications were documented, they generally did not fully explain the need for the NTVs requested. A June 2008 CJTF-101 report on the use of NTVs stated that “there is a widely held perception that NTVs are being used for personal convenience, not military necessity.” Without justification for NTVs, we could not determine whether units acquired vehicles for critical missions or for convenience.

In August 2008, CJTF-101 issued policy for the management of NTVs at Bagram Air Field. This policy states that justification requests for NTVs must indicate that the NTV requirement is mission-essential. The request must address the need for the vehicle, the number of personnel assigned to the unit and the number of vehicles on hand, the time period for which the vehicle is requested, and why bus transportation or temporary vehicles cannot support the mission. Maintaining copies of these requests as part of the official contract file would provide sufficient documentation to determine why units requested NTVs.

PARC-A did not identify issues with justifications in contract files during semiannual procurement management reviews.* Recent procurement management review reports for RCCs Bagram and Kabul stated that contract files contained strong requirement definitions. However, our audit results were inconsistent with this finding.

* The procurement management reviews are not solely for NTV contracts. However, PARC-A conducts these reviews to assess implementation of policies and procedures; therefore we assume that the results of these reviews are representative of the contract processes implemented at the RCC.

Lease-Versus-Purchase Analyses

Of the 66 contract files we reviewed, only one contract file contained a lease-versus-purchase analysis for NTVs. FAR 7.401, “Acquisition Considerations,” states that agencies should consider whether to lease or purchase equipment on a case-by-case evaluation of comparative costs, estimated period of use, extent of use within that period, purchase price, and potential for use of the equipment by other agencies after its use by the acquiring agency ends. JCC-I/A personnel and contracting officers stated that they would not be able to purchase vehicles because the procurement funds were limited and operations and maintenance funds could not be used to purchase NTVs. Therefore, they did not complete the analyses or they completed the analyses only to record the best value, not to ensure it.

We estimate that 22 percent of the 215 Afghanistan contracts were lease renewals. For 16 of the 66 contracts in our sample, contracting officers either renewed leases through new contract actions or extended existing lease contracts at a cost of more than \$1.3 million. For example, the RCCs extended leases for 14 vehicles beyond 18 months, for a total cost of more than \$523,000. For each of these lease renewals, the contract files had no evidence of lease-versus-purchase analyses conducted during the life of the contract. Reviewing lease-versus-purchase analyses should help ensure that contracting decisions are in the best interest of DoD.

Award Decision

We estimate that 34 percent of the 215 Afghanistan contract files for NTVs did not contain any documentation to determine why the contract was awarded to the selected contractor. In addition, 14 of the 66 contract files we reviewed in our sample did not contain any type of solicitation or award information in the contract file, such as the solicitation document, vendor quotes, or an abstract of offers. FAR Subpart 4.8 requires contract file documentation to provide a complete background as a basis for informed decisions at each step in the acquisition process.

Contract Administration

Contracting officers at RCCs Bagram and Kabul did not routinely appoint CORs to administer and oversee contracts as required by DoD policy. We estimate that CORs were not appointed for 85 percent of the 215 Afghanistan contracts. Contracting officers at RCC Bagram stated that they did not appoint CORs because it was an administrative burden or because the procurement contracting officer conducts an initial inspection before turning the vehicle over to the customer. In addition, one RCC Kabul contract for more than \$6 million contained documentation in the contract file stating that assigning a COR to accept vehicles or provide quality assurance reviews was not cost-effective.

DoD guidance states that contracting officers must designate, in writing, a properly trained COR for service contracts and include a copy of the written delegation in the official contract file. The Deputy Secretary of Defense stated in an August 22, 2008, memorandum that CORs are critical to ensuring that contractors comply with all contract requirements and that overall performance is commensurate with the level of payments made throughout the life of the contract. In a February 9, 2007, memorandum, the

Deputy Assistant Secretary of the Army (Policy and Procurement) stressed the importance of making this appointment before contract performance begins. JCC-I/A, PARC-A, and CJTF-101 have also supplemented DoD regulations and policy with additional requirements for appointing CORs. However, contracting officers generally did not assign CORs to administer and monitor NTV contracts.

According to Army guidance, a key function of a COR is to accept vehicles and ensure they comply with contract terms and requirements. However, 58 of the 66 contract files we reviewed did not contain any vehicle acceptance documentation that clearly identified whether the delivered vehicles met contract requirements. Without such documentation, we could not determine whether 776 vehicles complied with contract delivery date and other contract specifications, such as make, model, year, mileage, and condition.

We identified acceptance documentation in 8 of the 66 contract files; however, it revealed that Government representatives accepted at least 15 vehicles, at a cost of more than \$1.1 million, even though they did not meet the terms of the contracts. For example, one contract to lease a Toyota Land Cruiser stated that the vehicle should not have more than 10,000 kilometers; however, the vehicle inspection report showed that the odometer read more than 24,500. Another contract to lease one van and two pickup trucks stated that the trucks should not be older than 2006 and should have fewer than 10,000 kilometers. The vehicle inspection reports, however, showed that one truck was a 2005 model with 38,383 and another had an odometer reading of 70,061. The van included on the contract did not have a vehicle inspection report; therefore, we could not determine whether the van complied with the terms of the contract.

Contract Documentation Guidelines

In response to Recommendation B.2., JCC-I/A provided an updated Acquisition Instruction, which included guidance for maintaining contract files. In a draft of this report, we identified that turnover of contracting personnel as units rotate had contributed to inconsistent documentation in the contract files. During our audit, contracting officers often could not answer questions about gaps in contract documentation, stating the previous contracting officers had awarded the contracts. Furthermore, the draft of this report identified that the January 2006 JCC-I/A Acquisition Instruction identified clear guidelines and checklists for the contents of contract files, but the July 2008 Acquisition Instruction did not provide sufficient guidance for contract files. It also highlighted the importance of developing and implementing strong contracting policy and oversight of contracting activities, especially in a dynamic environment.

The JCC-I/A Acquisition Instruction, dated April 1, 2009, includes guidance for maintaining contract files and specifically references the Army File Index. This index provides a comprehensive list of documents related to solicitation, proposal review, contract award, and administration. Specific documents include a purchase request, determination for equipment lease versus purchase, a solicitation list, source selection documentation, and COR nomination. We believe that following this list will ensure contracting officers maintain contract files that provide an adequate history of the transaction in accordance with FAR requirements.

JCC-I/A also provided standard operating procedures for procurement management reviews to evaluate contract files for documentation regarding solicitation, basis of award, and inspection and acceptance. The standard operating procedures also require RCC Chiefs to conduct self-assessments and perform self-oversight in addition to formal procurement management reviews. We believe that implementation of these procedures will ensure more thorough oversight of contracting processes at RCCs.

Management Actions and Conclusions

We commend CJTF-101, CSTC-A, and PARC-A for actions taken to address issues related to NTVs and contracting. PARC-A and CJTF-101 have issued policy that outlines the process for requesting and approving NTVs. CJTF-101 has established an NTV Review Board to review new and ongoing NTV leases based on mission requirements, and CSTC-A has identified a program manager for NTVs to monitor lease terms, provide oversight of CORs on NTV contracts, approve new NTV leases, and track all NTVs in the Kabul area.

However, contracting for NTVs could be improved. DoD did not have assurance that more than \$14 million in NTVs were justified or met contract requirements. Furthermore, in the absence of lease-versus-purchase analyses, DoD did not have assurance that leasing vehicles represented the best value to the Government. Federal guidance provides many flexibilities for contracting operations in a contingency or emergency environment. However, these flexibilities do not provide a blanket waiver of requirements for contracting procedures.

The turnover of contracting personnel has contributed to inconsistent contract file documentation at RCCs Bagram and Kabul. In April 2009, JCC-I/A updated its Acquisition Instruction, and following this guidance will help ensure that contracting officers maintain sufficient documentation in contract files to reconstruct the history of the contract, and it will facilitate a more seamless transition between unit rotations. In addition, contracting officers should appoint CORs to oversee contracts for leased NTVs. Finally, more thorough procurement management reviews at the PARC-A level would help ensure that contracting problems are identified and addressed in a timely manner. These actions should improve the effectiveness of contracting processes for NTVs.

Recommendations, Management Comments, and Our Response

Revised Recommendation

As a result of management comments, we revised Recommendation B.1.b. to ensure contracting officers review the lease-versus-purchase analysis prepared by the requesting organizations.

B.1. We recommend that the Chiefs, Regional Contracting Centers Bagram and Kabul require contracting officers to:

- a. Maintain contract files that can reconstruct the history of the contract, including justification for the contract, award decisions, and contract administration;**
- b. Review lease-versus-purchase analyses for vehicles to ensure the Government is getting the best value;**
- c. Appoint contracting officer's representatives to ensure oversight of contracts for leased nontactical vehicles; and**
- d. Ensure completion of vehicle inspection reports when documenting acceptance of NTVs and reject noncompliant vehicles, or delegate this responsibility to a contracting officer's representative.**

Regional Contracting Center Kabul Comments

RCC Kabul, through the Deputy CG, CSTC-A, agreed with Recommendations B.1.a. and B.1.d. RCC Kabul stated that the requirement to maintain complete contract files, including NTV justifications, a lease-versus-purchase analysis, and vehicle inspection reports, is in place at all the RCCs, and that the documentation should be in the contract files for all current and future contracts. RCC Kabul stated that it will also emphasize the need for complete contract file documentation during weekly training sessions and staff meetings. RCC Kabul noted that the JCC-I/A Acquisition Instruction requires the use of indexes for contract file documentation and that, as of September 30, 2008, PARC-A requires a peer review on all contracts, regardless of dollar value.

RCC Kabul partially agreed with Recommendation B.1.b. and stated that a preliminary lease-versus-purchase analysis is required for any lease longer than 60 days, and that, depending on the dollar value, should have been included in the files we reviewed. However, RCC Kabul noted that requesting organizations are responsible for conducting the lease-versus-purchase analysis and submitting it to the contracting office. RCC Kabul stated that it will continue to review the analyses, and that it is required to obtain a legal review by PARC-A prior to solicitation and award for contract actions exceeding \$750,000.

RCC Kabul partially agreed with Recommendation B.1.c., stating that JCC-I/A requires CORs to be appointed for all contracts with significant technical requirements. However, RCC Kabul stated that NTV contracts are generally considered simplified acquisitions and do not require ongoing surveillance or warrant a COR. RCC Kabul also stated that it is often unable to obtain CORs from requiring organizations, and is currently experiencing a shortage of CORs for all acquisitions that should have a COR. However, RCC Kabul stated that it often appoints CORs on NTV contracts with large dollar values to ensure proper accountability, and it will make an effort to appoint CORs for lease contracts with a large number of vehicles.

Our Response

We consider comments from RCC Kabul to Recommendations B.1.a. and B.1.d. responsive. We commend RCC Kabul for its actions taken to address these issues. We agree that maintaining complete contract file documentation and stressing the importance of this during training sessions will help improve contracting for NTVs in support of Operation Enduring Freedom.

Based on management comments, we revised Recommendation B.1.b. As a result, the comments from RCC Kabul are responsive, and no additional comments are required.

We consider comments from RCC Kabul to Recommendation B.1.c. generally responsive. We acknowledge that RCC Kabul is making an effort to appoint CORs for contracts to lease a large number of vehicles, and we also understand that there is a shortage of CORs. However, our report highlighted policy issued by the Deputy Secretary of Defense and the Deputy Assistant Secretary of the Army (Policy and Procurement) that emphasizes the need for effective surveillance of service contracts and requires that CORs be appointed prior to contract award. The memorandum from the Deputy Secretary of Defense notes that COR duties should be tailored to dollar value and complexity of the requirements.

Our report identified that the Government accepted vehicles at a cost of more than \$1.1 million even though they did not meet the terms of the contracts. While NTV contracts do not have significant technical requirements to require ongoing surveillance, this point emphasizes the importance of contractor surveillance as it relates to performing and documenting vehicle acceptance to ensure NTVs comply with contract requirements. If RCC Kabul is going to appoint CORs to those contracts with a large number of vehicles, it should clearly identify how many vehicles constitute a large number to ensure those contracts have CORs appointed. We request that the Chief, RCC Kabul provide additional comments on this recommendation.

Regional Contracting Center Bagram

The Chief, RCC Bagram did not provide comments to Recommendation B.1. We request that the Chief provide comments in response to the final report.

Principal Assistant Responsible for Contracting-Afghanistan Comments

Although not required to comment on this recommendation, the Chief of Staff, U.S. Central Command endorsed and forwarded comments from the Director of Operations, JCC-I/A on behalf of PARC-A.

The director stated that RCCs maintain individual files for NTV contracts, including documentation for the justification of the NTV requirement and award decision. The director also stated that Army guidance requires all RCCs to appoint CORs for all service contracts, including NTV contracts. The director stressed that PARC-A checks compliance with these requirements via semi-annual procurement management reviews. The director also noted that joint inspections with the customer and the contractor are conducted before the Government accepts any vehicle. If vehicles do not meet contract requirements, the Government will reject the vehicle or ensure the contractor corrects the problem.

The director stated that contracting officers and activities conduct lease-versus-purchase analyses and submit them to the Joint Acquisition Review Board. The director identified that the report did not address Army regulations or Government Accountability Office decisions regarding the acquisition and management of NTVs. Specifically, the director identified that the Government Accountability Office lifted the fiscal law restrictions for purchasing passenger motor vehicles in relation to 4-door passenger cab pickup trucks. The director also pointed out that our report did not address the option to obtain vehicles at a lower cost through the General Services Administration, or the requirement that passenger bus service must be determined impractical prior to leasing or purchasing NTVs.

Our Response

As discussed in our report, we identified that 68 percent of contract files did not contain adequate NTV justifications, 34 percent of contract files did not contain any documentation to support the award decision, and 85 percent of contract files did not have documentation of a COR appointment. We acknowledge that our findings are based on a data set ranging from October 2005 to July 2008, and that JCC-I/A, PARC-A, and the RCCs have made improvements to contracting processes since the time of our review.

Recent procurement management reviews at RCCs Bagram and Kabul identified deficiencies regarding COR appointment and contract file documentation, but stated that these deficiencies are being corrected through training and peer reviews. We obtained and reviewed the updated JCC-I/A Acquisition Instruction, and agree that following this policy, in conjunction with training and peer reviews, will help ensure contracting officers maintain more complete contract files.

The director commented on lease-versus-purchase analyses and the option to lease vehicles through the General Services Administration. Our report identified that only 1 of the 66 contract files we reviewed contained documentation of a lease-versus-purchase analysis, which compared the costs of local leases and purchases. We agree that the option to lease vehicles through the General Services Administration should be evaluated whenever possible. Our methodology for this audit was not to evaluate actual contracting decisions or the method for obtaining vehicles. Therefore, we did not address the option of acquiring vehicles through the General Services Administration, nor did we evaluate the practicality of utilizing bus service versus leasing NTVs. Rather, we evaluated whether the contracting decisions were supported by documentation in the contract files. Furthermore, we do not dispute the decision of the Government Accountability Office Comptroller to lift the fiscal law restrictions on specific pickup trucks, and the ability of contracting officers to compare these pickups to sport utility vehicles in the lease-versus-purchase analyses. Rather, we emphasize that lease-versus-purchase analyses should document a consideration of all acquisition options prior to awarding contracts to ensure the Government is receiving the best value.

The director's comments on vehicle inspection and acceptance confirm the requirements for these processes. However, he did not specify actions the RCCs have planned or implemented to ensure that inspections are performed and documented, and that noncompliant vehicles are rejected. As we identified in our report, 58 of the 66 contract files we reviewed did not contain any vehicle acceptance documentation, while the files that contained documentation revealed that the Government accepted at least 15 vehicles, totaling more than \$1.1 million, that did not comply with contract requirements. This point emphasizes the need for vehicle inspections to be completed and documented to ensure that vehicles the Government receives adequately meet the mission requirements.

B.2. We recommend the Commander, Joint Contracting Command-Iraq/Afghanistan update the Joint Contracting Command-Iraq/Afghanistan Acquisition Instruction to include additional guidelines on maintaining contract files in a standard format for pre-award, award, and contract administration activities to meet Federal Acquisition Regulation requirements.

Joint Contracting Command-Iraq/Afghanistan

The Commander, JCC-I/A did not provide comments. However, we obtained and evaluated the April 2009 Acquisition Instruction and determined that it meets the intent of our recommendation by referencing a list of documentation regarding solicitation, contract award, and administration that should be included in the contract file. We believe that using this list will allow contracting officers to maintain contract files that provide an adequate history of the transaction in accordance with FAR requirements. We modified the "Contract Documentation Guidelines" section of the report to include our analysis of the April 2009 Acquisition Instruction. No additional comments are required.

B.3. We recommend the Commander, Principal Assistant Responsible for Contracting-Afghanistan conduct more thorough procurement management reviews to ensure that contracting problems are identified and addressed in a timely manner.

Principal Assistant Responsible for Contracting-Afghanistan Comments

The Chief of Staff, U.S. Central Command endorsed and forwarded comments from the JCC-I/A on behalf of the PARC-A. The PARC-A partially agreed with the recommendation, stating that RCCs are inspected twice per year, and that JCC-I/A guidance was recently updated to increase the rigor of the inspections, emphasize the importance of routine self-evaluations, and update the evaluation checklists.

Our Response

Although PARC-A only partially agreed, we consider the comments responsive. JCC-I/A provided standard operating procedures for inspecting contracting processes and reporting deficiencies. We updated the report to include discussion on these procedures (pages 14-15). We believe that implementation of these procedures will ensure more thorough oversight of the contracting processes at RCCs. No additional comments are required.

Appendix A. Scope and Methodology

We conducted this performance audit from June 2008 through February 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit scope encompasses NTV contract actions from October 1, 2005, through July 15, 2008. We limited our scope to contracts awarded at RCCs Bagram and Kabul, Afghanistan. We reviewed official contract files and resource management files for documentation of justification of need or requirement; lease-versus-purchase analysis; contract award; COR appointment; and vehicle acceptance, compliance, and use. We reviewed the FAR as well as published guidance from DoD, Joint Contracting Command, Combined Joint Task Force-101, and Combined Security Transition Command-Afghanistan. We also reviewed local RCC policies and standard operating procedures for contracting processes. We interviewed personnel from the following organizations:

- Under Secretary of Defense for Acquisition, Technology, and Logistics, Defense Procurement, Acquisition Policy and Strategic Sourcing;
- U.S. Central Command;
- Joint Contracting Command-Iraq/Afghanistan;
- Principal Assistant Responsible for Contracting-Afghanistan;
- Combined Joint Task Force-101;
- Combined Security Transition Command-Afghanistan;
- Regional Contracting Center Bagram;
- Regional Contracting Center Kabul;
- Bagram Air Field Resource Management Office;
- Bagram Air Field Base Operations;
- Bagram Air Field Nontactical Vehicle Review Board;
- Bagram Air Field Nontactical Vehicle Working Group;
- Kabul Resource Management Office;
- Camp Eggers Base Operations; and
- Camp Eggers Transportation Motor Pool.

Use of Computer-Processed Data

We relied on computer-processed data from the Joint Contingency Contracting System (JCCS), which is a computer database that allows the posting of contract opportunities, captures vendor proposals, and documents contract awards. Once a contracting officer awards a contract, contracting personnel enter specific data associated with the contract award into JCCS. We extracted from JCCS 387 NTV contracts awarded at 6 RCCs in Afghanistan between October 1, 2005, and July 15, 2008. We used these data to develop

a statistical sample of NTV contracts in Afghanistan to assess the effectiveness of various aspects of NTV contracting. See the Use of Technical Assistance for additional information about the statistical sample.

The computer-processed data from JCCS were sufficiently reliable, given our use of them to develop a statistical sample of NTV contracts. However, we identified several errors in the computer-processed data, none of which significantly impacted our audit results. Specifically, JCCS award amounts and dates were sometimes inaccurate when compared to official contract files. We mitigated JCCS errors by relying on the official contract files, interviews, and other types of evidence to perform our analysis.

We could not review four contracts in our sample because, upon review of the official contract files, we determined that two contracts were not for NTVs, one was awarded at a different RCC, and one was canceled after award. Even though we could only audit 66 NTV contracts in the sample, we projected our results against a sample of 70 contracts to provide a conservative result.

Use of Technical Assistance

The Quantitative Methods and Analysis Division developed the statistical sample of NTV contracts awarded in Afghanistan. It used a stratified sample design to ensure that RCCs Bagram and Kabul were appropriately represented in the sample. The other four RCCs were not considered for the sample because RCCs Bagram and Kabul had the largest number of contract actions with the highest dollar values. Specifically, of the 387 NTV contracts awarded in Afghanistan (the universe), 215 were awarded at RCCs Bagram and Kabul (the subpopulation). Table A-1 shows the scope of Afghanistan NTV contracts.

Table A-1. Scope of NTV Contracts Reviewed for Afghanistan

RCC	Subpopulation		Sample		Audited Sample	
	Contract Actions	Value ¹	Contract Actions	Value ¹	Contract Actions	Value ²
Bagram	163	\$ 6,261,414	40	\$ 1,136,436	38	\$ 1,315,440
Kabul	52	\$23,054,384	30	\$14,165,689	28	\$12,760,749

¹ Dollar value according to JCCS.

² Dollar value based on official contract files.

The Quantitative Methods and Analysis Division selected random samples from RCCs Bagram and Kabul and performed calculations to estimate conditions for the subpopulations based on the audited sample results. In general, the estimates quantified weaknesses in performing effective NTV contracting. The estimates are based on a 90 percent confidence level, which means there is a 10 percent risk that the interval does not encompass the true subpopulation value.

The statistical estimates are in Table A-2. The first row in the table shows that between 57.3 and 77.8 percent of the 215 contracts contained inadequate justification for obtaining an NTV. The point estimate was 67.5 percent. The corresponding number of NTV contracts with no NTV justification lies in a range from 123 to 167 with a point estimate of 145. The other three estimates can be interpreted the same way.

Table A-2. Detailed Statistical Estimates Assessing the Effectiveness of NTV Contracting in Afghanistan

Measure of NTV Contracting Effectiveness	Lower Bound (Percent)	Point Estimate* (Percent)	Upper Bound (Percent)
Inadequate or lack of justification	123 (57.3)	145 (67.5)	167 (77.8)
No award decision rationale	53 (24.8)	72 (33.7)	92 (42.6)
NTV lease renewals	27 (12.6)	46 (21.6)	66 (30.6)
COR not appointed	169 (78.7)	183 (84.9)	196 (91.1)

* The point estimate is a single numerical value halfway between the upper and lower bounds.

Prior Coverage

During the last 5 years, DoD Inspector General (IG), Army Audit Agency, and Air Force Audit Agency have issued three reports addressing issues related to NTV contracting processes and tracking in Southwest Asia. Unrestricted DoD IG reports can be accessed at <http://www.dodig.mil/audit/reports>. Unrestricted Army Audit Agency reports can be accessed at <https://www.aaa.army.mil/reports.htm>. Unrestricted Air Force Audit Agency reports can be accessed at <https://www.afaaf.hq.af.mil>.

DoD IG

DoD IG Report No. D-2009-007, “Procurement and Use of Nontactical Vehicles at Bagram Air Field, Afghanistan,” October 31, 2008

Army

Army Audit Agency Report A2007-0011-ALL, “Audit of Nontactical Vehicle Usage in the Iraq Area of Operations, Audit of Logistics Civil Augmentation Program Operations in Support of Operation Iraqi Freedom,” November 16, 2006

Air Force

Air Force Audit Agency Report F2007-0004-FC4000, “Deployed Assets,” January 26, 2007

Appendix B. Management Comments on the Findings and Our Response

Our detailed response to the comments from U.S. Central Command and the Combined Joint Task Force-101 on the report findings follow. The complete text of these comments can be found in the Management Comments section of this report.

U.S. Central Command Comments

Although not required to comment, the Chief of Staff, U.S. Central Command did not believe the report accurately reflected current acquisition processes for establishing contracts for NTVs in Afghanistan. Furthermore, the chief of staff stated that the data set upon which the audit team drew conclusions did not reflect the effort and procedures to improve NTV oversight.

Our Response

Our report commended PARC-A, CJTF-101, and CSTC-A for recent improvements in the controls over the NTV acquisition process. Specifically, we highlighted that CJTF-101 established a vehicle registration processes and an NTV Review Board. We also noted that CSTC-A published standard operating procedures for leased vehicles in August 2008. We concluded that these actions strengthened controls over the NTV acquisition process (page 4).

Combined Joint Task Force-101 Comments

The Chief of Staff, CJTF-101 disagreed with the finding, stating that CJTF-101 and CSTC-A have made great strides in improving the management of leased vehicles at Bagram Air Field and vehicles leased through CSTC-A. He noted that the Combined Joint Task Force headquarters transitioned several times between October 2005 and July 2008, with CJTF-101 assuming command in April 2008. The chief of staff stated that at this time, CJTF-101 maintained strict validation procedures for all new NTVs, initiated reviews of existing NTVs, and implemented a registration process at Bagram Air Field. In light of these actions, the chief of staff requested that the audit team revise the report language to note that, while CJTF-101 and CSTC-A have improved controls, there is more that can be done to improve the management of recurring requirements to ensure effective contracting for NTVs. The chief of staff also commented on the Results in Brief page, stating that the audit team should revise the results to state that CJTF-101 and CSTC-A took steps to improve management and oversight of NTVs.

The Chief of Staff, CJTF-101 also disagreed with the statement that \$1.4 million in funds could have been put to better use. The chief of staff stated that the savings may never have been fully realized, and allowing the use of vehicles through the end of the lease terms facilitated ongoing missions. Further, the chief of staff stated that our report did

not mention cost savings associated with 169 vehicles that were disapproved. The chief of staff also suggested revised language to identify that the NTV Review Board reduced the number of vehicles on base by 20 percent, with an associated cost savings of \$1.1 million for vehicles that were immediately turned in.

The chief of staff commented on improving oversight of NTVs in Afghanistan, stating that the information presented in the report regarding a study of NTV usage at Bagram Air Field was subjective and misleading. He referenced a June 2008 study by the CJTF-101 Red Team, and stated that the NTV Review Board was implemented at Bagram Air Field as a result of that review. The chief of staff cited language from the audit report related to the total number of NTVs at Bagram, lack of policies and NTV justification standards, and bus usage, specifically requesting the source information. The chief of staff also noted that bus route support was increased in 2008, and that bus usage increased by almost 40 percent from August 2008 to February 2009. The chief of staff requested that the audit team delete the information in the report, and provided suggested language to replace it.

The chief of staff noted that Task Force Warrior implemented a centralized NTV management process in July 2008, but that Task Force Warrior is not solely focused on installation management. He stated that large installations need a dedicated installation management team to establish and maintain oversight, and requested that the DoD IG emphasize this in the audit report.

The chief of staff suggested additional recommendations for the audit report to ensure support from higher headquarters in the management of NTVs. These recommendations included guidance from U.S. Army Central Command on increased NTV acquisition through the General Services Administration to reduce the number of leased vehicles in theater, and guidance from U.S. Central Command on NTV utilization and standards for support and authorizations.

The chief of staff also indicated that the audit team's review of contract files did not include any resource management files or documentation from the Joint Acquisition Review Board, and requested that the audit team qualify its conclusions to note that they did not include this documentation in its review.

Finally, the Chief of Staff, CJTF-101 commented that the caption to the photo in the Results in Brief was not relevant to the associated discussion.

Our Response

We appreciate the comments submitted by the Chief of Staff, CJTF-101, and we agree that they have taken steps to improve the controls over the NTV acquisition process. We commend CJTF-101 and CSTC-A for these actions, and our report highlighted them (page 4). In addition, we agree with the suggested language provided by the chief of staff and have revised the finding to reflect that language. However, we maintain that the Commands did not proactively identify recurring NTV requirements and acquire or manage NTVs to fill those requirements.

Our report identified costs of approximately \$1.4 million for leased vehicles that were disapproved by the NTV Review Board. We commend CJTF-101 for establishing the NTV Review Board, and commend the Board for validating all vehicles on the base. However, this point emphasizes that \$1.4 million could have been put to better use had those leases not been approved when initially submitted. We clarified this point in the report (page 5). We did not show cost savings for the 169 disapproved vehicles because we could not determine from the information provided whether these vehicles were leased or Government-owned. In addition, we could not substantiate that the NTV Review Board reduced the number of vehicles on base by 20 percent, with an associated cost savings of \$1.1 million; therefore we did not include these numbers in the report.

Our report also identified the results of a June 2008 study conducted by the CJTF-101 Red Team (pages 4-5). Specifically, this study identified issues related to the total number of NTVs at Bagram Air Field, lack of policies and written NTV justification standards, and a low usage rate of buses. The Red Team study also stated that there is a widely held perception that NTVs were being used for personal convenience and not military necessity. We revised this part of the report to clearly identify that the source of this information was the CJTF-101 Red Team study.

We appreciate the resource constraints noted by the chief of staff, and understand that a dedicated installation management team would be helpful in establishing and maintaining oversight at large installations. However, decisions regarding prioritization of resources and requests for additional resources should be directed to higher headquarters for review and consideration.

We also appreciate the suggested recommendations provided by the chief of staff. Our report identified the recommendations we believe can improve the management of contracting for NTVs in Afghanistan. We considered the suggested recommendations, but determined that they should be directed through the chain of command for consideration and action by U.S. Central Command and U.S. Army Central Command.

Our methodology for conducting this audit included a review of all documentation for the contracts and task orders in our sample. We interviewed contracting and resource management personnel and reviewed all available documentation that was relevant to our contract sample. This documentation included contract files and resource management files. We revised our scope and methodology in Appendix A to identify all documentation we reviewed for this audit.

We considered the suggestions made by the chief of staff in regards to the Results in Brief presented in the report. We reflected changes to the finding paragraph in the Results in Brief, and we deleted the photo from the Results in Brief to accommodate discussion of management comments.

U.S. Central Command Comments



UNITED STATES CENTRAL COMMAND
OFFICE OF THE CHIEF OF STAFF
7115 SOUTH BOUNDARY BOULEVARD
MACDILL AIR FORCE BASE, FLORIDA 33621-5101

1 April 2009

FOR: Department of Defense Inspector General (DODIG)

SUBJECT: Review of DODIG Draft Report, "DODIG Draft Report - Contracting for Non-Tactical Vehicles in Support of Operation Enduring Freedom (D2008-DOOOLH-0235.001)

1. Thank you for the opportunity to respond to the recommendations presented in the DODIG draft report.
2. USCENTCOM does not believe this report accurately reflects the acquisition process in place for establishing contracts for Non-Tactical Vehicles (NTVs) in Afghanistan. The report needs to depict the current command policies and procedures at this time.
3. The data set pulled contracts from October 2005 through July 2008 and does not adequately reflect the effort and procedures made by Combined Joint Task Force – 101 (CJTF-101), Combined Security Transition Command – Afghanistan (CSTC-A), and Joint Contracting Command – Iraq/Afghanistan (JCC-I/A) throughout this period to improve NTV oversight. The attached responses from CJTF-101, CSTC-A, and JCC-I/A reflect their current status and responses to the recommendations presented in this report.
4. The Point of Contact is [REDACTED] USCENTCOM Inspector General,
[REDACTED]

JAY W. HOOD
Major General, U.S. Army

The signature is handwritten in black ink, appearing to read "Jay W. Hood". Below the signature, the name "JAY W. HOOD" is printed in capital letters, followed by "Major General, U.S. Army".

Enclosures
CJTF-101 Response
CSTC-A Response
JCC-I/A Response

Joint Contracting Command-Iraq/Afghanistan and Principal Assistant Responsible for Contracting-Afghanistan Comments

B1. We recommend that the Chiefs, Regional Contracting Centers Bagram and Kabul require contracting officers to:

A. Maintain contract files that can reconstruct the history of the contract, including justification for the contract, award decisions, and contract administration;

RESPONSE: PARC-A concurs. All RCCs maintain an individual file on NTV contracts, the award decisions, and contract administration. The files are maintained by one KO in both hard and soft copies. The customer provides a Purchase Request Package which requires a description of the requirement, an appointment of a COR, COR certificate and for Bagram and Kabul RCCs, an approval letter from the CJTF NTV Board. Currently, each NTV requirement is competed separately; therefore the history, justification, award decisions and the modifications are maintained in individual files. Finally, these contract files are subject to a compliancy review under the Joint Contracting Command-Iraq/Afghanistan Procurement Management Review program. Each regional contracting center is reviewed twice annually.

B. Conduct lease-versus-purchase analyses for vehicles to ensure the Government is getting the best value;

RESPONSE: PARC-A partially concurs. KOs and activities do perform lease-v-purchase analyses. It's a requirement before the Joint Acquisition Requirements Board approves NTV requests. However, the DoD IG Report fails to discuss the controlling service regulations, namely AR 58-1, which has detailed guidance on US Army acquisition and management of NTVs. There are GAO Comptroller decisions distinguishing between utility/cargo vehicles which happen to have passenger cabs and NTVs which are primarily designed to carry passengers. In particular, the GAO has stated 4-door passenger cab pickup trucks are not subject to the fiscal law restrictions for purchasing passenger motor vehicles. Accordingly, KOs are able to conduct lease-v-buy analyses comparing the lease of a SUV with a purchase of a 4-door cab pickup truck. PARC-A also notes the DoD IG did not properly address the option to service through GSA fleet motorpool programs, which can provide passenger NTVs at a far lower cost than any in-theater contracting activity; therefore, should be the preferred source of passenger NTVs. Finally, the DoD IG report does not address the guidance in all military department regulations concerning NTVs: "passenger bus service must be determined as impracticable prior to any recourse to selection of a lease or purchase of any passenger NTV."

C. Appoint contracting officer's representatives (COR) to ensure oversight of contracts for leased non-tactical vehicles; and

RESPONSE: PARC-A concurs. The Army requires all service contracts to have a COR, to include NTV vehicle contracts. PARC-A and all RCCs adhere to this guidance and compliance is checked via semi-annual procurement management reviews.

D. Ensure completion of vehicle inspection reports when documenting acceptance of NTV's and reject noncompliant vehicles, or delegate this responsibility to a contracting officer's representative (COR).

RESPONSE: PARC-A concurs. With support of the COR, RCCs conduct joint inspections with the customer and contractor before the Government accepts any vehicle. If the vehicle does not meet established requirements, the Government will reject the vehicle or ensure the contractor corrects the problem(s) before accepting the vehicle. All cosmetic and/or other damage is also documented and maintained in the contracting file. The Government also conducts/maintains joint inspection documentation when the vehicle is returned/turned into the contractor.

B3. We recommend the Commander, Principal Assistant Responsible for Contracting Afghanistan conduct more thorough procurement management reviews to ensure that contracting problems are identified and addressed in a timely manner.

RESPONSE: PARC-A partially concurs. Each RCC is already inspected twice a year and the JCC I/A directives and guidance was recently updated. The new directives increased the rigor of evaluations, the emphasis on routine self-evaluations, and updated the evaluation checklists. Using command-approved checklists, a consolidated team of policy, legal, plans and programs, examine internal management and operational compliance factors. As part of the review, deficiencies and best practices are identified and noted in a finalized/coordinated PMR report. Accordingly, RCCs are given the appropriate amount of time to take corrective action and/or share best practices to ensure compliance and internal management factors are effectively achieved throughout PARC-A.

Revised
Page 15

//signed-RCS//
ROBERT CARL SHOFNER, Col, USAF
Director of Operations
Joint Contracting Command-
Iraq/Afghanistan

Combined Joint Task Force-101 Comments



DEPARTMENT OF THE ARMY
COMBINED/JOINT TASK FORCE (CJTF)-101
BAGRAM AIRFIELD, AFGHANISTAN
APO AE 09364

REPLY TO:
ATTENTION OF:

CJTF-101-COS

14 March 2009

MEMORANDUM FOR

SUBJECT: DoDIG Draft Report – Contracting for Non-tactical Vehicles in Support of Operation Enduring Freedom (D2008-DOOOLH-0235.001) dated 23 FEB 09

1. The purpose of this memorandum is to provide comments to the recommendations listed in the subject report. We strongly agree that NTV acquisitions in theater require due diligence in identifying and justifying the need, documenting decisions for leasing or purchasing, and documenting award decisions.
2. CJTF-101 partially non-concurs with the information provided in the DoDIG Report. This report reads as if CJTF-101 and CSTC-A have not effectively managed NTV's and does not reflect what each has done to improve management. It also does not address additional resources needed to implement better NTV management.
3. Data reviewed in this audit represented requirements from OCT 05 through JUL 08: over the course of this period, the CJTF headquarters has transitioned several times. CJTF-101 did not assume command of RC(E) and the National Support Element responsibilities until APR 08. Upon assumption of command, CJTF-101 maintained strict JARB validation procedures for all new NTVs, initiated a review of NTVs on BAF, directed CSTC-A to do a thorough review of NTV requirements prior to approving any new leases, and implemented a registration process on BAF. These actions hardly equate to "not taking steps to identify recurring NTV requirements and effectively acquire or manage NTVs for those requirements."
4. Enclosed are the CJTF responses and comments to the referenced report. CSTC-A and PARC-A responses will be submitted separately by the respective commands.

5. The point of contact is [REDACTED]

Encl
Comments to Recommendations

THOMAS D. VAIL
COL, IN
Chief of Staff

CJTF-101-COS

14 MAR 09

Enclosure 1, Comments to Recommendations to SUBJECT: DoDIG Draft Report – Contracting for Non-tactical Vehicles in Support of Operation Enduring Freedom (D2008-DOOOLH-0235.001) dated 23 FEB 09

**Contracting for Non-tactical Vehicles
In Support of
Operation Enduring Freedom
(D2008-DOOOLH-0235.001)**

CJTF-101 COMMENTS TO RECOMMENDATIONS IN THE DRAFT REPORT

A. DoDIG recommend that the Commander, Combined Joint Task Force-101 and Commander, Combined Security Transition Command-Afghanistan, in coordination with the Principal Assistant Responsible for Contracting-Afghanistan and Commanders, Regional Contracting Centers require commanders at all bases in Afghanistan to:

1. Identify recurring missions at each location and determine the number and type of non-tactical vehicles needed to support those missions annually.

RESPONSE: Partially Concur. Mission requirements at each location are not entirely static. Units transition in and out, new units deploy, others re-deploy and are not replaced. Each requirement is validated on its merits when initiated by the unit Commander. An additional validation review of the requirement is conducted by the Joint Acquisition Review Board (JARB) prior to funding approval. Where requirements are recurring, the optimum solution is to work toward providing government owned vehicles.

2. Establish new or expand existing motor pools at bases in Afghanistan based on past and projected non-tactical vehicle requirements to adequately support units needing non-tactical vehicles for mission requirements.

RESPONSE: Concur. This requirement will require additional resources to perform. Dedicated personnel to man and manage a TMP are not resident in the current deployed unit structures. An installation management team is required at the larger bases in order to provide proper oversight and management of the vehicles on base.

3. Establish or maintain non tactical vehicle registration processes at each base to track the number of vehicles brought on base outside the motor pools.

RESPONSE: Concur. This process has begun at Bagram Air Base; the next phase should be to move the registration process to other large FOBs across the CJFA.

4. Review all NTV leases to determine necessity based on operational requirements and usage, taking appropriate action to disapprove or terminate leases that are not justified.

CJTF-101-COS

14 MAR 09

Enclosure 1, Comments to Recommendations to SUBJECT: DoDIG Draft Report – Contracting for Non-tactical Vehicles in Support of Operation Enduring Freedom (D2008-DOOOLH-0235.001) dated 23 FEB 09

RESPONSE: Concur. This process has been initiated on Bagram Airfield where the bulk of NTV requirements exist. All new NTV requirements for CJTF-101 will continue to be vetted thru the NTV Review Board (at BAF) as well as the Joint Acquisition Review Board.

B. GENERAL COMMENTS.

In general, we agree with the recommendations provided in this report. However, we do not agree with several statements in the report that indicate that the CJTF and CSTC-A were not "proactive" in identifying recurring NTV requirements and ensuring effective contracting for NTVs. Both CJTF-101 and CSTC-A have made great strides over the course of the last six months in improving the management of leased vehicles on Bagram and vehicles leased through CSTC-A. In particular, CJTF-101 did not receive a good handover on NTV lease actions during RIP/TOA in APR 08. As a result, CJTF-101 initiated the Red Team Study and implemented new policies for Bagram in order to improve NTV management. The CJTF-101 JARB required CSTC-A to conduct a thorough review of all their NTV's and to show that they had a plan in place to account for their vehicles prior to approving any new funding for NTVs.

The report does not discuss what additional resources might be needed or are recommended in order to improve NTV management. Particularly on the larger FOBs – Bagram, Kandahar, Jalalabad, improvements can be made by establishing motor pools. This requires additional resources. As the theater expands, dedicated Installation Management at the larger FOBs would provide a more robust capability to centrally manage NTVs along with other base operations functions.

C. LINE-BY-LINE CORRECTIONS / CLARIFICATIONS.

1) Pg i – Paragraph – What We Found -

a) Clarification. CJTF-101 and CSTC-A did take steps to improve management of NTVs in Theater.
Reference Sentence. "We found that the CJTF-101 and CSTC-A did not take steps to identify recurring NTV requirements and effectively acquire or manage NTVs for those requirements."
Discussion. Unit rotations every 12 months or less require due diligence in management of leased vehicles. Contractor and other Service requirements also add to the numbers of NTVs on bases. In order to gain clarity on the scope of the problem and to improve NTV management, CJTF-101 initiated a Red Team Study and implemented new policies for Bagram. The CJTF-101 JARB required CSTC-A to conduct a thorough review of all their NTVs and to show that they had a plan in place to account for their vehicles prior to approving any new funding for NTVs.
Recommendation. Change reference sentence to read: "We found that the CJTF-101 and CSTC-A took steps to improve management and oversight of NTVs in theater."

2

Revised
Page i

Final Report
Reference

CJTF-101-COS

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Enclosure 1, Comments to Recommendations to SUBJECT: DoDIG Draft Report – Contracting for Non-tactical Vehicles in Support of Operation Enduring Freedom (D2008-DOOOLH-0235.001) dated 23 FEB 09

b) Correction. Change sentence to clarify conclusive remarks.
Reference Sentence. "Therefore, DoD did not have reasonable assurance that 795 vehicles at a cost of more than \$14M were mission –essential, complied with the contract requirements, or represented the best value to the Government."
Discussion. The conclusion of reasonable assurance is based on the statement of review of the contract files. There is no mention of review of Resource Management files (funding documents or JARB approvals which may be included in these files and not included in the follow-on contracting file). All NTV leases funded by the CJTF require review and validation by the JARB. The JARB approval and discussion documentation may reside with the supporting resource management file.
Recommendation. Change the reference sentence to read: "*Based on the contract files reviewed by the DoD/C, DoD did not have reasonable assurance that 795 vehicles at a cost of more than \$14M were mission –essential, complied with the contract requirements, or represented the best value to the Government.*" (*note: the scope of the audit did not include a corresponding review of Resource Management files to substantiate the NTV mission-essential validation.*)

c) Correction. The \$1.4M in funds that could have been put to better use is a subjective statement.
Reference Sentence. "In addition, we identified more than \$1.4M in funds that could have been put to better use."
Discussion. These savings are in reference to NTVs that were allowed to continue thru the end of their lease period following the Bagram NTV Review Board validation. If vehicles were turned in immediately, there would have been some penalties for early turn-in. The full \$1.4M in savings may not have been fully realized. Given the continuing mission of units, allowing the use of the vehicles thru the end of the lease period to facilitate their on-going missions provided adequate time for the unit to come up with alternate transportation arrangements. Lastly, there is no mention of the 169 vehicles that were disapproved and turned in or mention of any associated cost savings.
Recommendation. Change reference sentence to read: "CJTF-101 conducted an NTV Review Board for vehicles on Bagram Airfield resulting in a 20% reduction of vehicles on the base. This reduction identified 195 vehicles for turn in and phased out an additional 150 thru the completion of their lease periods to facilitate continued missions. Immediate turn-in of these vehicles could have lead to a cost savings of \$1.1M."

d) Comment. The picture of traffic on Bagram under the heading of "Management Comments" is not relevant to the discussion on page i.

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Page 21

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Final Report
Reference

CJTF-101-COS

14 MAR 09

Enclosure 1, Comments to Recommendations to SUBJECT: DoDIG Draft Report – Contracting for Non-tactical Vehicles in Support of Operation Enduring Freedom (D2008-D000LH-0235.001) dated 23 FEB 09

2) Pg 5 – Paragraph – A. Centralizing the Management of Nontactical vehicles in Afghanistan

Clarification. CJTF-101 and CSTD-A did take steps to improve management of NTVs in Theater.

Reference Sentence. "however, CJTF-101 and CSTD-A have not proactively worked to identify recurring NTV requirements and ensure effective contracting for NTVs."

Discussion. This audit looked at records from OCT 05 thru JUL 08. Within this time period, CJTF-101 was only in command for 4 months. During this period, CJTF-101 initiated a Red Team study on NTVs and developed a registration process to gain control of NTVs on Bagram Airfield with the intent of expanding this process across the theater.

Recommendation. Change to read: "however, there is still more that can be done to improve the management of recurring NTV requirements, to ensure effective contracting for NTVs, and to maintain continuity over the long term."

3) Pg 5-6 – Improving Oversight of Nontactical Vehicles in Afghanistan

Clarification. The bulleted points listed are subjective and not the results of the NTV Review Board analysis.

Reference Bullets.

- The total number of NTVs at Bagram Air Field was unknown and CJTF-101 had limited oversight of new NTVs brought onto the base for military use.
- A lack of policies and a written NTV justification standard resulted in NTVs being issued to units or individuals that may not need them; and
- Busses at the base had few occupants while the number of NTVs with only one occupant was high. This may have contributed to the perception noted in a June 2008 CJTF-101 report that NTVs at Bagram Air Field were being used for personal convenience and not military necessity.

Discussion. These points listed group together facts or hearsay that skews the facts. Bottom line, the NTV review board initial effort was to validate the current vehicles on Bagram and then implement a registration process to maintain control. Policies for JARB approval have been in place for many years and appropriate validation of each new request should have been boarded – each validated on its own merit. These records may be included in the Resource

Management files and may not have reached the contract file. Discussion on the buses and occupancy... where did this come from? What observation supports this bullet? Bus route support was increased on Bagram with the extension of Task Order 116 during a Task Order review in 2008. Current rates show bus usage at 43,345 riders in August 2008 increasing to 60,192 riders in February 2009.

Recommendation. Delete the bullets. Replace with:

"In June 2008, the CJ4 requested to have the CJTF-101 Red Team conduct a review of NTV utilization on Bagram and provide recommendations for improving oversight and management. As a direct result of this report, the CJ4 and garrison leadership implemented an NTV Review Board on Bagram. The board's goal was to validate all vehicles operating on the base and to facilitate the establishment of a registration process." This paragraph can lead into the paragraph beginning with discussion on the 19 August FRAGO.

Revised
Page 4

Revised
Pages 4-5

CJTF-101-COS

14 MAR 09

Enclosure 1, Comments to Recommendations to SUBJECT: DoDIG Draft Report – Contracting for Non-tactical Vehicles in Support of Operation Enduring Freedom (D2008-DOOOLH-0235.001) dated 23 FEB 09

4) Pg 7 – Centralized management of NTVs

Comment. Centralized Management of NTVs

Discussion. The implementation of a centralized management process began with TF Warrior in July 2008. TF Warrior, however, is not solely focused on installation management. As battle-space owners, TF Warrior focus is spread to other priorities. A dedicated installation management team is needed at the larger bases to firmly establish and maintain oversight as well as centralized management.

Recommendation. DoD IG emphasizes the need for dedicated Installation Management team to work the "garrison" functions of the larger installations.

5) Pg 8 – Recommendations

Comment Only. The following are some additional recommendations for support from higher headquarters in managing a theater-wide NTV program.

- a) Installation Management – provide full time, dedicated installation management team to run garrison operations on larger bases in Theater.
- b) ARCENT – provide guidance on acquisition of GSA provided NTVs in order to reduce the leased vehicles in Theater.
- c) CENTCOM – provide Theater policy on NTV utilization – create a "sandbook" standard for NTV support or template for authorizing NTVs


PREPARED BY:

Combined Security Transition Command-Afghanistan and Regional Contracting Center Kabul Comments



DEPARTMENT OF DEFENSE
COMBINED SECURITY TRANSITION COMMAND – AFGHANISTAN
KABUL, AFGHANISTAN
APO AE 09356

CSTC-A-DCG

25 March 2009

MEMORANDUM FOR United States Department of Defense, Office of the Deputy Inspector General for Auditing, Joint and Overseas Operations, 400 Army Navy Drive, Arlington, Virginia 22202-4704

SUBJECT: CSTC-A Response to the Department of Defense Inspector General

1. Reference: Report Contracting for Nontactical Vehicles in support of Operation Enduring freedom Project No. D2008-D000LH-0235.001) dated 23 February 2009.
2. The purpose of this memorandum is to respond to the recommendation listed in the referenced report. The Command's enclosed response is reflective of significant efforts to address the shortcomings noted in the report.
3. My point of contact is [REDACTED]
[REDACTED]

Encl

A handwritten signature in black ink, appearing to read "Ierardi".

ANTHONY R. IERARDI
Brigadier General, U.S. Army
Deputy Commanding General

**Contracting for Non-Tactical Vehicles
In Support of Operation Enduring Freedom**

CSTC- A and Kabul Regional Contracting Center (KRCC)
Comments to DoD Inspector General Draft Report

DoD IG Finding A. Centralizing the Management of Non-Tactical Vehicles in

Afghanistan: PARC-A, CJTF-101, and CSTC-A have recently improved controls over the NTV acquisition process; however, CJTF-101 and CSTC-A have not proactively worked to identify recurring NTV requirements and ensure effective contracting for NTVs. Improving the oversight and centralized management of leased NTVs and mission requirements should provide DoD assurance that it is acquiring the vehicles necessary to support mission requirements while mitigating the risks of potential waste of Government funds.

DoD IG Recommendation A.1: Commander CJTF-101 and Commander CSTC-A, in coordination with the Principal Assistant Responsible for Contracting Afghanistan and Commanders, Regional Contracting Centers require commanders at all bases in Afghanistan to identify recurring missions at each location and determine the number and type of non-tactical vehicles needed to support those missions annually.

CSTC-A Response to DoD IG Recommendations A.1: Partially concur. Disagree with the statement that CSTC-A has “not proactively worked to identify recurring NTV requirements and ensure effective contracting.” CSTC-A has a very active program, including monthly oversight by the Deputy Commanding General. This statement is also inconsistent with the outbrief provided to our Chief of Staff. [REDACTED] at the conclusion of the CSTC-A portion of the audit. CSTC-A now provides effective, routine, redundant oversight of new and existing leased vehicle requirements in concert with executive agents and the commanders themselves, up to and including the general officer level.

As the DoDIG noted, CSTC-A published Leased Vehicle Standard Operating Procedures in August 2008. This SOP requires the Leased Vehicle Program Manager, a field grade officer who resides in the CSTC-A CJ4, to revalidate leased vehicle requirements quarterly with each task order holder.

In the late summer of 2008, in addition to publishing Leased Vehicle Standard Operating Procedures, CSTC-A stood up its own internal Joint Acquisition Review Board, run weekly by the CJ4, to validate all requirements requiring “Title Ten” (Operations and Maintenance Army) funds, including all leased vehicles for U.S. forces. This board, chaired by the O-6 Chief of Staff, includes the Leased Vehicle PM, the Eggers Title Ten Resource Manager (who is owned and operated by CJTF 101), a KRCC representative, the deputy chief of staff and the command fiscal lawyer.

As new requirements emerge, organizations provide documentation and a representative to defend their requests to this board. In turn, they are validated or declined by the Chief of Staff. Approved requirements are then sent forward to the CJTF 101 JARB for validation and funding.

As existing leases approach 90 days to expiration, the CJ4 alerts the owning organization to either resubmit their requirement for renewal through the JARB, or to turn in the vehicles if no longer needed.

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Additionally, at the CSTC-A monthly Title Ten Board, started in the fall of 2008, all expiring vehicle leases are briefed to the Deputy Commanding General and O-6 staff directors, to ensure command emphasis and leadership visibility.

The validation process then is not one large, consolidated annual review but rather an ongoing process, which effectively captures the nuances of the ground situation as it evolves and takes into account the large and frequent turnover of key players in the process. While the CJ4 maintains overall visibility of the leased vehicle program, organizations are responsible for articulating their current fleet numbers and types of vehicles, the size of the supported population, why their fleets need increases, and whether multi-pax or alternative vehicles would better serve their transportation purposes outlined in JARB proposals.

Through this process, our efforts to reduce our leased vehicle footprint via buying Gators and bicycles, and filling requirements with HMMWVs or Government Owned Vehicles has met limited success. GOVs, in particular, are encumbered by the laborious ONS process. For example, CSTC-A ONS for 109 HSUVs, submitted in late 2007, is still awaiting approval and delivery of the vehicles to us. In the meantime, we are exercising due diligence in limiting the growth of our leased vehicle fleet while still meeting the requirements of our expanding organization.

It should also be noted here that in addition to running CSTC-A and CJTF Phoenix's vehicles through these validation processes, currently we also apply the same rules to all organizations that go through the Eggers RM office for funding of vehicles. This includes USFOR-A, ISAF, AED, 335th Signal Battalion, a Special Forces Detachment and a Psyops Detachment, none of which fall under CSTC-A for direct command and control.

Kabul Regional Contracting Center (KRCC) Response to DoD IG Recommendations A.1:
Non-Concur: Kabul Regional Contracting Center (KRCC) cannot respond for the PARC-A. Moreover, it is not the role of contracting to identify the mission requirements nor can we require commanders to identify recurring missions. Rather, our role is to identify ways in which to procure the mission requirements once they have been identified as a need. We can provide commanders information on current needs based on what we have procured already, but as noted above, it is not the role of contracting to determine future requirements. We do track recurring services for contracts with options (such as vehicle lease contracts) but only to identify monetary and approval requirements for continuation of services on existing contracts to ensure options on the contract are executed in a timely manner.

Revised
Recommendation
A.1.

DoD IG Recommendation A.2: Commander CJTF-101 and Commander CSTC-A, in coordination with the Principal Assistant Responsible for Contracting Afghanistan and Commanders, Regional Contracting Centers require commanders at all bases in Afghanistan to establish new or expand existing motor pools at bases in Afghanistan based on past and projected non-tactical vehicle requirements to adequately support units needing non-tactical vehicles for mission requirements.

CSTC-A Response to DoD IG Recommendations A.2: **Partially concur.** The establishment of CONUS-type, centralized, installation TMPs is a long-term goal of CSTC-A, that currently is not feasible to implement due to a lack of adequate manning and the physical limitations of Camp Eggers. It would also, for property accountability and contract management purposes,

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require a fundamental shift of responsibility for vehicle task orders from the organizations currently operating the vehicles, to TMP managers.

A TMP function would normally be executed by an installation's Garrison Command. Camp Eggers' current Garrison, which belongs to the CJTF, is manned with approximately 12 Soldiers dedicated to base operations. This base operations detachment supports two camps (Eggers and New Kabul Compound) with a combined population of 1400. Past experience has clearly illustrated that the Eggers Garrison is not adequately resourced to take on this scope of operation. We also attempted a parallel experiment in late 2008 using CJTF Phoenix as a central management agency for vehicle maintenance with similar, inadequate results, tied to excessive requirements on limited resources, compounded by high turnover.

CSTC-A is not sourced with JMD slots dedicated to Title Ten functions. We execute these "out of hide" with the minimum number of people required. Virtually all CSTC-A staff elements involved in the current vehicle management process are doing these functions as additional duties, in addition to their ANSF development mission.

While a transition to centralized TMPs is possible in the future, it is not a feasible near term solution due to a lack of space or sufficient manning. We submit that our current organizational controls will facilitate adequate accountability and allow us to exercise due diligence and fiscal responsibility.

Kabul Regional Contracting Center (KRCC) Response to DoD IG Recommendations A.2:
Non-Concur: Kabul Regional Contracting Center (KRCC) cannot respond for the PARC-A. Moreover, it is not the role of contracting to identify the mission requirements-we execute the mission requirements provided to us by our customers. We have no authority to direct commanders on how to create or renovate existing motor pools-we can only advise on capable ways of procuring the desired requirements provided by the commanders and or other customers.

DoD IG Recommendation A.3 Commander CJTF-101 and Commander CSTC-A, in coordination with the Principal Assistant Responsible for Contracting-Afghanistan and Commanders, Regional Contracting Centers require commanders at all bases in Afghanistan to establish or maintain non-tactical vehicle registration processes at each base to track the number of vehicles brought on base outside the motor pools.

CSTC-A Response to DoD IG Recommendations A.3: Concur. CSTC-A would experience significant difficulty implementing this in the near term for the same reasons associated with the DoDIG's recommendation A.2 on TMPs, primarily insufficient manning and adequate space.

Kabul Regional Contracting Center (KRCC) Response to DoD IG Recommendations A.3:
Non-concur: Kabul Regional Contracting Center (KRCC) cannot respond for the PARC-A. We have no authority to direct commanders on vehicle registration processes – we can only advise on capable ways of procuring the desired requirements provided by the commanders and or other customers.

DoD IG Recommendation A.4 Commander CJTF-101 and Commander CSTC-A, in coordination with the Principal Assistant Responsible for Contracting Afghanistan and Commanders, Regional Contracting Centers require commanders at all bases in Afghanistan to

Revised
Recommendation
A.2.

Revised
Recommendation
A.3.

Final Report Reference

DoD IG Draft Report No. D2008-D000LH-0235.001

25 March 2009

review all NTV leases to determine necessity based on operational requirements and usage, taking appropriate action to disapprove or terminate leases that are not justified.

CSTC-A Response to DoD IG Recommendations A.4: **Partially concur.** As noted in our response to DoDIG recommendation A.1, NTV leases currently undergo several reviews through a series of control measures. We will continue to review the number of vehicles on hand and our vehicle requirements. We have ensured that vehicle leases expiring within the next quarter are reviewed on a monthly basis at the CSTC-A DCG's Title X board. Additionally, per the CSTC-A Leased Vehicle SOP, the CJ4 Leased Vehicle PM revalidates leased vehicle requirements quarterly with each task order holder. Furthermore, all leased vehicle requests (both new requirements and renewals of existing leases) are vetted through the internal, CSTC-A Joint Acquisition Requirements Board weekly. Commanders must justify the lease request based on operational requirements to the CSTC-A Chief of Staff and a board of relevant staff experts. If the requirement is insufficient or no longer valid, the lease request is either disapproved or the current lease is terminated and vehicles are turned in.

Kabul Regional Contracting Center (KRCC) Response to DoD IG Recommendations A.4:
Non-Concur: Kabul Regional Contracting Center (KRCC) cannot respond for the PARC-A. Contracting requires that all requirements are vetted by the parent organizations prior to receipt of the requirement package at contracting, but we cannot require that the commander of an organization be the person to review the NTV leases. The direction noted in the recommendation must come from higher authority than the regional contracting centers, as we have no grounds to justify, without higher-level direction, the assertion the DoD IG requests we provide. There is no legal justification, to our knowledge, that requires the commander, specifically, to review all NTV leases.

Revised
Recommendation
A.4.

DoD IG Finding B. Contracting for Non-Tactical Vehicles in Support of Operation Enduring Freedom: Contracting for non-tactical vehicles in support of Operation Enduring Freedom needs improvement - Contracting officers at RCCs Bagram and Kabul did not maintain a complete contract history of pre award, award, or administration documentation, and they did not appoint contracting officer's representatives to oversee the contracts. In addition, JCC policy did not include sufficient guidelines on maintaining contract files. As a result, DoD could not have reasonable assurance that vehicle acquisitions valued at more than \$14 million were mission-essential; complied with contract requirements; or represented the best value to the Government. Contracting officers must fully implement policy and controls governing the contracting of NTVs. In addition, JCC should update its Acquisition Instruction to include detailed guidelines about the documentation to maintain in contract files and continue to monitor the contracting processes of RCCs in Afghanistan.

Contract Documentation

DoD IG Recommendation B.1.a: The Chiefs, Regional Contracting Centers Bagram and Kabul require contracting officers to maintain contract files that can reconstruct the history of the contract, including justification for the contract, award decisions, and contract administration.

DoD IG Draft Report No. D2008-D000LH-0235.001

25 March 2009

Kabul Regional Contracting Center (KRCC) Response to DoD IG Recommendations B.1.a:

Concur: The requirement recommended by the DoD IG is a requirement currently in place at KRCC and all other RCCs. The justifications noted in the recommendation, dependent on dollar value, are required in all files and should have been included in the files the DoD IG reviewed (see JCC-I/A AI dated 1 Mar 09, 7.401-100(a) and (c)). A preliminary lease versus purchase analysis is required prior to executing any lease or purchase agreement for more than 60 days. DFARS 207.470 requires a proper and written determination before making, extending or renewing a lease for a period past 18 months. Furthermore, the current JCC-I/A Acquisition Instruction requires the use of specific file indexes that clearly identify contract file documentation requirements (see JCC-I/A AI dated 1 Mar 09, 4.802-100), and as of 30 Sept 08, PARC-A now requires peer review on all actions, independent of dollar value. As such, current and future contract files should include the required documentation the DoD IG required. Lastly, KRCC will reiterate during weekly training sessions and staff meetings of the need for the noted documentation.

DoD IG Recommendation B.1.b: Conduct lease-versus-purchase analyses for vehicle to ensure the Government is getting the best value.

Kabul Regional Contracting Center (KRCC) Response to DoD IG Recommendations

B.1.b: Partially concur: The justifications noted in the recommendation, dependent on dollar value, are required in all files and should have been included in applicable files the DoD IG reviewed (see JCC-I/A AI dated 1 Mar 09, 7.401-100(a) and (c))). A preliminary lease versus purchase analysis is required prior to executing any lease or purchase agreement for more than 60 days. DFARS 207.470 requires a proper and written determination before making, extending or renewing a lease for a period past 18 months. Still, the requirement for conducting a lease versus purchase analysis is the onus of the respective organization that is forwarding the requirement package to contracting. Contract does, and will continue to, review the lease versus purchase justifications. For those actions exceeded \$750K, KRCC is also required to attain review and approval from PARC-A policy and legal divisions prior to solicitation and contract award.

Revised
Recommendation
B.1.b.

DoD IG Recommendation B.1.c: Appoint contracting officer's representatives to ensure oversight of contracts for leased non-tactical vehicles.

Kabul Regional Contracting Center (KRCC) Response to DoD IG Recommendations B.1.c:

Partially concur: In accordance with JCC-I/A AI dated 1 Mar 09, CORs shall be appointed for all contracts with significant technical requirements. NTV requirements are not considered significant technical requirements that require on-going advice and surveillance, but rather are considered simplified acquisitions which do not typically warrant a COR appointed to the respective action. With that being said, KRCC often appoints CORs on large dollar NTV acquisitions to ensure proper accountability. Unfortunately, we are often confronted with the inability to attain CORs from the requiring organization and are currently experiencing a shortage of CORs for all acquisitions that should have a COR appointed. KRCC will make a concerted effort to appoint a COR for all NTV lease requirements that have a large number of vehicles on the noted contract.

DoD IG Draft Report No. D2008-D000LH-0235.001

25 March 2009

DoD IG Recommendation B.1.d: ensure completion of vehicle inspection reports when documenting acceptance of NTVs and reject noncompliant vehicles, or delegate this responsibility to a Contracting Officer Representative.

Kabul Regional Contracting Center (KRCC) Response to DoD IG Recommendations B.1.d:
Concur: This requirement is noted and should be included in all contract files

POC Contact Information for this Response:





Inspector General Department of Defense

